

**GWINNETT TECH FOUNDATION, INC. AND
SUBSIDIARY**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2024 AND 2023



MAULDIN & JENKINS

CPAs & ADVISORS

**GWINNETT TECH FOUNDATION, INC. AND
SUBSIDIARY**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2024 AND 2023

GWINNETT TECH FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1 and 2
 CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3
Consolidated statement of activities – June 30, 2024.....	4
Consolidated statement of activities – June 30, 2023.....	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-18



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Gwinnett Tech Foundation, Inc. and Subsidiary
Lawrenceville, Georgia

Opinion

We have audited the accompanying consolidated financial statements of **Gwinnett Tech Foundation, Inc. and Subsidiary** (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Gwinnett Tech Foundation, Inc. and Subsidiary as of June 30, 2023 were audited by other auditors whose report dated November 9, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Foundation's management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 14, 2024

GWINNETT TECH FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Assets		
Cash	\$ 180,749	\$ 144,749
Unconditional promises to give, net	10,925	28,025
Investments	8,869,687	8,543,055
Investments - certificate of deposit	367,386	354,033
Due from related party - College	3,243	23,643
	<hr/>	<hr/>
Total assets	\$ 9,431,990	\$ 9,093,505
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 36,913	\$ 250,973
Funds held for affiliate	1,278	1,278
	<hr/>	<hr/>
Total liabilities	38,191	252,251
	<hr/>	<hr/>
Net assets		
Without donor restrictions		
Undesignated	652,433	484,058
Board designated	389,039	343,718
Total without donor restrictions	<hr/> 1,041,472	<hr/> 827,776
With donor restrictions	8,352,327	8,013,478
Total net assets	<hr/> 9,393,799 <hr/>	<hr/> 8,841,254 <hr/>
	<hr/>	<hr/>
Total liabilities and net assets	\$ 9,431,990	\$ 9,093,505
	<hr/>	<hr/>

See notes to consolidated financial statements.

GWINNETT TECH FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ -	\$ 497,588	\$ 497,588
In-kind contributions	368,151	492,621	860,772
Investment income, net of investment fees	15,025	200,228	215,253
Net realized and unrealized gains on investments	191,464	652,432	843,896
Total revenues and other support	<u>574,640</u>	<u>1,842,869</u>	<u>2,417,509</u>
Net assets released from restrictions	<u>1,504,020</u>	<u>(1,504,020)</u>	<u>-</u>
Total revenues and other support and net assets released from restrictions	<u>2,078,660</u>	<u>338,849</u>	<u>2,417,509</u>
EXPENSES			
Program services	1,612,054	-	1,612,054
Supporting services			
Administrative and general	196,941	-	196,941
Fundraising	55,969	-	55,969
Total supporting services	<u>252,910</u>	<u>-</u>	<u>252,910</u>
Total expenses	<u>1,864,964</u>	<u>-</u>	<u>1,864,964</u>
CHANGE IN NET ASSETS	<u>213,696</u>	<u>338,849</u>	<u>552,545</u>
NET ASSETS, BEGINNING	<u>827,776</u>	<u>8,013,478</u>	<u>8,841,254</u>
NET ASSETS, ENDING	<u><u>\$ 1,041,472</u></u>	<u><u>\$ 8,352,327</u></u>	<u><u>\$ 9,393,799</u></u>

See notes to consolidated financial statements.

GWINNETT TECH FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 5,000	\$ 271,148	\$ 276,148
In-kind contributions	285,140	57,489	342,629
Investment income, net of investment fees	80,022	110,547	190,569
Net realized and unrealized gains on investments	105,796	388,583	494,379
Total revenues and other support	<u>475,958</u>	<u>827,767</u>	<u>1,303,725</u>
Net assets released from restrictions	<u>595,143</u>	<u>(595,143)</u>	<u>-</u>
Total revenues and other support and net assets released from restrictions	<u>1,071,101</u>	<u>232,624</u>	<u>1,303,725</u>
EXPENSES			
Program services	713,642	-	713,642
Supporting services			
Administrative and general	<u>320,767</u>	<u>-</u>	<u>320,767</u>
Total expenses	<u>1,034,409</u>	<u>-</u>	<u>1,034,409</u>
CHANGE IN NET ASSETS	<u>36,692</u>	<u>232,624</u>	<u>269,316</u>
TRANSFERS	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
NET ASSETS, BEGINNING	<u>816,084</u>	<u>7,755,854</u>	<u>8,571,938</u>
NET ASSETS, ENDING	<u><u>\$ 827,776</u></u>	<u><u>\$ 8,013,478</u></u>	<u><u>\$ 8,841,254</u></u>

See notes to consolidated financial statements.

GWINNETT TECH FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ 552,545	\$ 269,316
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions restricted for long-term investment	(50,000)	(21,247)
Net realized and unrealized (gains) on investments	(843,896)	(494,379)
Changes in assets and liabilities:		
Unconditional promises to give	17,100	(3,003)
Due from related party - College	20,400	(23,643)
Accounts payable and accrued expenses	(214,060)	(37,560)
Net cash (used in) operating activities	<u>(517,911)</u>	<u>(310,516)</u>
INVESTING ACTIVITIES		
Net re-investment of investment - certificates of deposits	-	(2,433)
Purchases of investments	(60,000)	(240,438)
Proceeds from sales of investments	<u>563,911</u>	<u>510,976</u>
Net cash provided by investing activities	<u>503,911</u>	<u>268,105</u>
FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowments	<u>50,000</u>	<u>50,000</u>
Net cash provided by financing activities	<u>50,000</u>	<u>50,000</u>
Increase in cash and cash equivalents	36,000	4,589
Cash and cash equivalents, beginning of year	<u>144,749</u>	<u>137,160</u>
Cash and cash equivalents, end of year	<u><u>\$ 180,749</u></u>	<u><u>\$ 144,749</u></u>

See notes to consolidated financial statements.

GWINNETT TECH FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Gwinnett Tech Foundation, Inc. (the "Foundation"), was established in 1994 to generate and provide additional funds for the support of programs and services to achieve the goals and objectives of Gwinnett Technical College (the "College") located in metropolitan Atlanta, Georgia. Support and revenue is generated primarily through individual and corporate pledges and contributions.

GTF II, LLC ("GTF II"), a wholly owned subsidiary of the Foundation, was established in 2005 to construct facilities for use as an Early Education Center. In 2007, the facilities were completed and leased to the Technical College System of Georgia ("TCSG"). In December 2008, this property was contributed to TCSG. For the years ended June 30, 2024 and 2023, GTF II had no significant activities.

Principles of Consolidation:

The accompanying financial statements include the consolidated accounts of the Foundation and its wholly owned subsidiary, GTF II. All material intercompany transactions and balances have been eliminated in consolidation.

Significant Accounting Policies:

Basis of Presentation:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consist of net assets that are not subject to donor-imposed restrictions, which are used to account for resources available to carry out the purposes of the Foundation in accordance with the limitations of its bylaws. Board-designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes. As of June 30, 2024 and 2023, board-designated net assets were \$389,039 and 343,718, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies: (Continued)

Basis of Presentation: (Continued)

Net assets with donor restrictions consists of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash:

The Foundation considers only cash in interest bearing checking accounts to be cash. Cash held in certificates of deposit and in money market accounts is considered investments - other. On occasion, the Foundation maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure to loss to be minimal.

Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Promises to give are reviewed for collectability, and reserves for uncollected amounts are established when needed.

Contributions that are expected to be received in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions in the accompanying consolidated statements of activities. No discount on unconditional promises to give has been recognized for the years ended June 30, 2024 and 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies: (Continued)

Investments:

Investments consist of balances that are held and managed by Truist Financial Corporation ("Truist") within their pool of investment funds established for technical colleges within the state of Georgia. Earnings from the pooled investments, net of investment fees, are allocated to the Foundation based on their average balance. Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments held in the pooled funds consist of a diversified portfolio of equities, mutual funds, exchange-traded funds, government bonds, money market and fixed income funds. Investments in pooled funds are valued based on the Foundation's net asset value ("NAV") within each fund as a practical expedient to determine their values.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk.

Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying consolidated financial statements. Truist is a major custodian bank. Although the Foundation monitors and believes that it is an appropriate custodian, there is no guarantee that the custodian, or any other custodian that the Foundation may use from time to time, will not become insolvent.

The Foundation incurred investment fees of \$29,243 and \$27,302 for the years ended June 30, 2024 and 2023, respectively, which is included in investment income on the consolidated statements of activities.

Investments - Other:

The Foundation has other investments which consists of a certificate of deposit account with a financial institution for the years ended June 30, 2024 and 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies: (Continued)

Property and Equipment:

Property and equipment are recorded at cost or at fair value at the date of donation. Acquisitions in excess of \$500 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets.

The estimated useful life of equipment, furniture and fixtures is 10 years. All property and equipment of the Foundation was fully depreciated as of June 30, 2024 and 2023.

Funds Held for Affiliate:

The Foundation collects and disburses monies for the Gwinnett Tech Alumni Association ("Association"). The Foundation does not provide any financial support for the Association.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions:

Contributions of professional services are recognized when received, to the extent that the fair value of the services can be determined, generally the current market rate for the professional services, if such services: (a) enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The estimated value of donated services of \$368,151 and \$285,140 were recognized in the consolidated statements of activities for the years ended June 30, 2024 and 2023, respectively. Of the donated services, \$341,556 and \$266,425 consisted of salaries and general operating expenses as provided for under the Memorandum of Agreement between the Foundation and the College for the years ended June 30, 2024 and 2023, respectively.

Contributions of non-cash assets are recognized at the estimated fair value at the date of donation. Donated goods of \$492,621 and \$57,489 were recognized for the years ended June 30, 2024 and 2023, respectively, and are included in contributions with donor restrictions in the consolidated statements of activities. These goods were donated by the Foundation to Gwinnett Technical College and are included in Support for the College in Note 8. Additionally, office space for the Foundation is provided at no cost to the Foundation; no amount for this benefit has been recognized in the consolidated statements of activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies: (Continued)

Income Taxes:

The Foundation is a qualifying, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code; therefore, it is exempt from federal and state income taxes. Interest and penalties related to income taxes are expensed as incurred. There were no interest and penalties charged to expense for the years ended June 30, 2024 and 2023.

GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Foundation's financial statements.

Management has evaluated the implications of these standards and has not identified any uncertain tax positions for the Foundation; therefore, no tax expense or accruals are included in the accompanying consolidated financial statements.

Functional Allocation of Expenses:

The Foundation reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. Compensation – in-kind services include certain expenses that are allocated on the basis of estimates of time and effort.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

The Foundation is substantially supported by contributions with and without donor restrictions. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023, comprise the following:

	2024	2023
Financial assets at year end:		
Cash	\$ 180,749	\$ 144,749
Unconditional promises to give, net	10,925	28,025
Investments	8,869,687	8,543,055
Investments - other	367,386	354,033
Due from related party - College	3,243	23,643
Total financial assets	<u>9,431,990</u>	<u>9,093,505</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	7,282,426	8,013,478
Net assets without donor restrictions – board designated	389,039	343,718
Funds held for affiliate	1,278	1,278
Total amounts not available to be used within one year	<u>7,672,743</u>	<u>8,358,474</u>
	<u>\$ 1,759,247</u>	<u>\$ 735,031</u>

NOTE 3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2024 and 2023 are as follows:

	2024	2023
Receivable in less than one year	\$ 11,500	\$ 29,500
Less: Allowance for uncollectible pledges	(575)	(1,475)
Unconditional promises to give, net	<u>\$ 10,925</u>	<u>\$ 28,025</u>

NOTE 4. FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The guidance establishes three levels of fair value as follows:

Level 1 — Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments.

Level 2 — Valuation is based on inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 — Valuation is based on unobservable inputs as they trade infrequently or not at all.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Investments are required to be recorded at fair value on a recurring basis. When available, the Foundation uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1. When quoted market prices are unobservable, the Foundation uses other observable inputs including quoted market prices from either markets that are not active or similar assets of active markets, market interest rate curves, and credit spreads, where applicable. These investments are included in Level 2.

Valuation of pooled investments are based on the Foundation's NAV within each fund as a practical expedient. These investments are not classified in the fair value hierarchy, but the amounts are included in this table to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The pooled diversified fund includes investments in funds that invest primarily in money markets, mutual funds, equity, and debt securities. There are no unfunded commitments as of June 30, 2024.

Assets as of June 30, 2024 measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	NAV	Total
Pooled funds	\$ -	\$ -	\$ -	\$ 8,869,687	\$ 8,869,687
Total	\$ -	\$ -	\$ -	\$ 8,869,687	\$ 8,869,687

Assets as of June 30, 2023 measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	NAV	Total
Pooled funds	\$ -	\$ -	\$ -	\$ 8,543,055	\$ 8,543,055
Total	\$ -	\$ -	\$ -	\$ 8,543,055	\$ 8,543,055

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. ENDOWMENTS

The Foundation's endowments include board-designated and individual donor-restricted endowment funds. The net assets associated with board-designated funds are classified and reported as net assets without donor restrictions. The net assets associated with donor-restricted funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Trustees of the Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2008 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment Spending Policy: The Foundation's spending policy for endowments is that no spending of endowment funds will occur until the fund reaches a balance of \$100,000. For funds with balances of \$100,000 to \$250,000, expenditures may be up to 50% of investment income. For funds with balances greater than \$250,000, expenditures may be up to 75% of investment income. For funds with balances less than the original principal balance, the Foundation's policy is to suspend expenditures until the principal value is restored.

The Foundation's spending policy for restricted endowments is that the endowment will be awarded utilizing the moving average market value of the assets over a five-year period as of December 31, calculated on a trailing twenty-quarter basis. Awards will be influenced by both recent period portfolio returns as well as expected future portfolio returns based on long-term capital markets and are subject to Board approval. For funds with balances less than the original principal balance, the Foundation's policy is to suspend expenditures until the current market value has reached at least 108% of its original principal balance. The Foundation may elect to establish a separate reserve fund ("Spending Reserve Fund") that can be used to sustain endowment spending levels during extended market downturns. Recommendations for initiating or adding funding to a Spending Reserve Fund are subject to Board approval.

Endowment Investment Policy: The Foundation's return objective for endowment assets is to preserve the principal of the endowed funds, as well as provide funding to programs supported by the endowment.

The goal is to produce an annualized total return that equals, and if possible, exceeds the return of a balanced market index comprised 43% of the Russell 3000 Index, 15% MSCI ACWI index, 7% MSCI Emerging Markets Index, and 35% of the Bloomberg Barclays Aggregate Bond Index over a rolling period of three to five years.

To achieve its return objectives, the Foundation employs a total return strategy where investment returns are generated through capital appreciation (realized and unrealized) and current yield (interest and dividends).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. ENDOWMENTS (CONTINUED)

Administrative Fee: The Foundation typically charges an annual fee of 5% on all endowment income. The annual fee for endowment income does not impact the corpus of the endowment.

The endowment net asset composition by type of fund for the year ended June 30, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 389,039	\$ -	\$ 389,039
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,462,530	4,462,530
Accumulated investment gains	-	2,172,059	2,172,059
Endowment net assets, end of year	<u>\$ 389,039</u>	<u>\$ 6,634,589</u>	<u>\$ 7,023,628</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 343,718	\$ 5,945,926	\$ 6,289,644
Investment return:			
Investment income, net of fees	8,726	149,547	158,273
Realized and unrealized gains	37,869	652,078	689,947
Total investment return	46,595	801,625	848,220
Contributions	5,000	50,000	55,000
Amounts appropriated for expenditure	(6,274)	(162,962)	(169,236)
Endowment net assets, end of year	<u>\$ 389,039</u>	<u>\$ 6,634,589</u>	<u>\$ 7,023,628</u>

The endowment net asset composition by type of fund for the year ended June 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 343,718	\$ -	\$ 343,718
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,412,530	4,412,530
Accumulated investment gains	-	1,533,396	1,533,396
Endowment net assets, end of year	<u>\$ 343,718</u>	<u>\$ 5,945,926</u>	<u>\$ 6,289,644</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 314,511	\$ 5,394,416	\$ 5,708,927
Investment return:			
Investment income, net of fees	7,724	133,007	140,731
Realized and unrealized gains	22,650	388,583	411,233
Total investment return	30,374	521,590	551,964
Contributions	-	50,000	50,000
Amounts appropriated for expenditure	(1,167)	(20,080)	(21,247)
Endowment net assets, end of year	\$ 343,718	\$ 5,945,926	\$ 6,289,644

Funds with Deficiencies: Occasionally, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2024 and 2023.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are designated for the following purposes at June 30, 2024 and 2023:

	2024	2023
Subject to expenditure for specified purpose:		
Program support	\$ 2,376,722	\$ 1,919,258
Scholarships	1,453,125	1,638,140
Other College support	59,950	43,550
Total subject to expenditure for specified purpose:	3,889,797	3,600,948
Perpetual in nature:		
Program support	3,439,883	3,439,883
Scholarships	1,022,647	972,647
Total perpetual in nature:	4,462,530	4,412,530
Total net assets with donor restrictions:	\$ 8,352,327	\$ 8,013,478

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions consist of the following at June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 1,317,774	\$ 1,695,809
Unconditional promises to give, net	10,925	28,025
Investments	7,023,628	6,289,644
Total net assets with donor restrictions:	<u>\$ 8,352,327</u>	<u>\$ 8,013,478</u>

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions are designated for the following purposes at June 30, 2024 and 2023:

	2024	2023
Purpose restrictions accomplished:		
Scholarships	\$ 437,540	\$ 232,559
Program support	580,555	349,062
Other College support	485,925	13,522
	<u>\$ 1,504,020</u>	<u>\$ 595,143</u>

NOTE 8. SCHEDULE OF FUNCTIONAL EXPENSES

Expenses are summarized on a functional basis below for the year ended June 30, 2024:

	Program services	Supporting Services Administrative and general	Fundraising	Total
Support for the College	\$ 1,438,747	\$ -	\$ -	\$ 1,438,747
Bank and credit card fees	-	22,912	-	22,912
Compensation – donated services	155,430	73,321	28,424	257,175
Event expense	5,343	-	21,804	27,147
Insurance	-	1,596	-	1,596
Meetings and special events	-	11,147	-	11,147
Membership and dues	-	43,852	5,741	49,593
Office expenses and supplies	-	3,653	-	3,653
Professional fees	-	39,987	-	39,987
Training	12,534	473	-	13,007
Total	<u>\$ 1,612,054</u>	<u>\$ 196,941</u>	<u>\$ 55,969</u>	<u>\$ 1,864,964</u>

Expenses are summarized on a functional basis below for the year ended June 30, 2023:

	Program services	Supporting services	Total
Grants and allocations	\$ 603,662	\$ -	\$ 603,662
Salaries and benefits	109,980	124,020	234,000
General and administrative	-	196,747	196,747
Total	<u>\$ 713,642</u>	<u>\$ 320,767</u>	<u>\$ 1,034,409</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. CONCENTRATIONS

For the year ended June 30, 2024, pledges from two donors represented approximately 96% unconditional promises to give. For the year ended June 30, 2023, pledges from one donor represented approximately 100% unconditional promises to give.

NOTE 10. ADMINISTRATIVE GIFT ALLOCATIONS

The Foundation may charge a one-time fee of up to 10% upon receipt of certain cash donations. The fee is considered an administrative gift allocation, which is allocated to the operating fund to help offset the cost of operating the Foundation. Additionally, the Foundation charges an annual fee of 1.5% on all endowment income. The annual fee for endowment income does not impact the corpus of the endowment. For the year ended June 30, 2024, administrative gift allocations were \$47,854 and are included in net assets released from restriction in the consolidated statements of activities. For the year ended June 30, 2023, the Foundation did not charge an annual fee on endowment income.

NOTE 11. SUBSEQUENT EVENTS

The Foundation has evaluated events occurring after June 30, 2024 through November 14, 2024, the date on which the consolidated financial statements were available to be issued.